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VIA FIRST CLASS MAIL

Honorable James H. Welsh
Commissioner of Conservation
Louisiana Office of Conservation
P. O. Box 94275
Baton Rouge, LA 70804-4275

RE: Application for Authority to Commingle
Onshore Production per Well Test;
Bayou Biloxi Commingling Facility No. 1 (new facility)
Bayou Biloxi Field; St. Bernard Parish, Louisiana
Applicant: The Meridian Resource & Exploration Company, LLC

Dear Commissioner Welsh:

Application is hereby made on behalf of The Meridian Resource & Exploration Company, LLC, ("Meridian"), requesting that the captioned matter be set for public hearing, and upon presentation of sufficient evidence thereat, that an Order issue approving a revision of the authority for the commingling of onshore gas and gas condensate production from the Bayou Biloxi Field, as situated within the captioned parish, in the proposed Bayou Biloxi Commingling Facility No. 1. By this Application, Meridian proposes to commingle production in said facility using well testing to accomplish fair allocation among the interested parties hereto, as per Statewide Order 29-D-1, LAC 43:XIX.1505(2)(b)(ii), and therefore requests a public hearing upon due notice as required under La. R.S. 30:6.

Aside from lease production, this Application is made pursuant and subject to a certain Unitization Order which has been duly entered to equitably allocate production among certain interested parties hereto from one of the wells as referenced above, producing from a defined sand recognized by the Louisiana Office of Conservation in the Bayou Biloxi Field. All wells concerned herein are operated by Meridian as to the production to be commingled pursuant to Order upon grant of this application. The specific details of the four wells to be flowed into this proposed facility are as follows:

1. The Biloxi Marsh Lands No. 6-1 (SN 227091) is currently producing from the CRIS I Sand at an overall perforated depth of 10,326' to 10,401'. (lease basis)
2. The Biloxi Marsh Lands No. 6-2 (SN 228079) is currently producing from the CRIS I Sand at a perforated depth of 11,181' to 11,201'. (lease basis)
3. The Biloxi Marsh Lands No. 7-1 (SN 228219) is currently producing from the CRIS I Sand at an overall perforated depth of 11,063' to 11,137'. (lease basis)
4. The CRIS I RA SUC; Biloxi Marsh Lands No. 1-2 (SN 228303) is to be completed producing from the CRIS I RA SUC unitized interval.

Additionally, enclosed herewith are the following:

1. A detailed narrative explanation of the flow of natural gas, liquid hydrocarbons, and produced water through the subject facility; the procedures for testing and measurement of the volumes of gaseous and liquid hydrocarbons from each well flowing into the facility via periodic well tests; the metering of total gaseous and liquid hydrocarbons, and produced water processed through the facility; the frequency of inspections and/or calibration of the metering devices to be used to measure natural gas, liquid hydrocarbon, and produced water volumes for equitable allocation; and, the formulas to be utilized to calculate equitable allocation of natural gas and liquid hydrocarbons, and water volumes therefrom;
2. A detailed schematic flow diagram of the mechanical facilities to be used for commingling, including specific well test equipment and meter locations to be used for allocation purposes;
3. A list of Interested Parties with right to production for which commingling authority is being sought herein; and
4. Our firm check in the amount of \$755.00 representing the required filing fee for this application to request a public hearing.

Meridian, as the current owner and operator of the wells and facilities included in the proposed Bayou Biloxi Commingling Facility in the Bayou Biloxi Field, makes this application proposing to accomplish commingling and allocation by well test of onshore production in the manner set forth in the narrative explanation, and with reference and as shown on the detailed schematic flow diagram of the proposed commingling facility, each attached hereto.

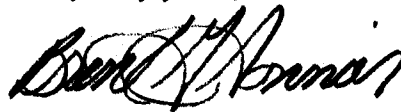
Therefore, Meridian requests that notice of the filing of this application be published in the official journal of the State of Louisiana. Further, Meridian requests that a copy of said notice be forwarded to Meridian through undersigned counsel for mailing to all parties on the Interested Parties list, to be proved by an affidavit of mailing submitted to the Office of Conservation. Upon

such due notice, Meridian requests that this matter be set for public hearing pursuant to La. R.S. 30:6 for consideration by the Commissioner of this application for the issuance of an Order approving the commingling of produced natural gas and liquid hydrocarbons as proposed herein, as per well testing for equitable allocation among the interested parties herein.

Pursuant to the duly signed statement attached hereto, it is the opinion of Meridian that the commingling of natural gas and liquid hydrocarbons and the use of well test for allocation of production in the manner proposed herein will provide reasonably accurate measurement, will not create inequities, and will afford the owner of any interest therein the opportunity to recover his just and equitable share of production or revenues accruing from the units and wells under consideration.

A reasonable effort was made to ascertain the names and addresses of all Interested Parties concerned herein. A copy of this amended application has been mailed to the District Manager of the Lafayette District, Office of Conservation. Upon receipt of the Legal Notice, the Applicant will mail a copy of same to all Interested Parties in accordance with Statewide Order 29-D-1, and forward to you the required affidavit of mailing.

Very truly yours,



BRENT G. SONNIER

Attorney for THE MERIDIAN RESOURCE & EXPLORATION COMPANY, LLC

BGS
Enclosures

cc: Mr. Richard Hudson, District Manager,
Louisiana Office of Conservation, Lafayette District

The Meridian Resource & Exploration Company, LLC:
Mr. Jim Carrington
Mr. Jim Schroeder
Mr. Don Lawrenz
Ms. Wren Dugal

All Interested Parties

BILOXI MARSH FLOW GRAPH

